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OUTLOOK FOR 1976 WORLD MEAT PRODUCTION AND TRADE

Production of meats in the key commercial markets of the United States, Canada, the European Community (EC), and Japan is expected to increase from year-earlier levels by about 4 percent in 1976--1 percent more than forecast on July 1. The summer drought in Europe increased beef and veal production in the EC, but not enough to return it to 1975 levels.

Measures taken by the Community to increase intervention purchases have resulted in intervention stocks of 312,000 tons in September 1976, about 25 percent more than year-earlier levels. High stock levels and increased restitution for beef exports are expected to put the EC into a net beef exporter position in 1976, as may have occurred in 1975 also.

Meat production prospects in Japan have improved since the latest FAS quarterly report, made on July 1. Larger poultry and beef and veal supplies are now expected to raise total meat production to a little over last year's output of 2 million tons. Greater imports of pork and mutton are expected to bring total meat imports for the year to 545,000 tons (carcass weight), 140,000 tons above 1975 imports and about 55,000 tons more than was estimated on July 1.

Meat production in the United States is expected to increase by nearly 8 percent in 1976. Gains of 7.4 percent are forecast for beef and veal production, 5.4 percent for pork, and about 13 percent for poultry.

On October 9, President Ford imposed quotas on imports of fresh, chilled or frozen beef, veal, mutton, and goat meat to limit 1976 imports to about 560,000 tons (product weight) in 1976. The action was taken as a result of continued large shipments of beef from Canada caused by the substitution of cheaper Australian and New Zealand manufacturing beef in the Canadian market. Earlier this year, the major supplying countries were selling beef in the Canadian market as much as 25 cents per pound below comparable U.S. import prices. The result was to weaken Canadian prices and push excessive supplies of Canadian beef into the U.S. market. In an effort to alleviate this price differential, in July, Australia and New Zealand--at the urging of the Canadian Government--established a minimum export price for meat shipments to Canada. However, this arrangement has not worked effectively, and the displacement of Canadian beef shipments into the United States has continued.

In Canada, meat production is expected to increase only slightly this year, with most of the increase occurring in beef and veal and poultry output. Pork production is expected to decline by 4 percent. The increase in Canada's beef and veal production is expected to come from the slaughter of 200,000-250,000 cull dairy cows as a result of a change in Canada's dairy policy whereby producers are heavily taxed for milk marketings above quota levels. Effective October 18, Canada imposed quotas on imports of beef and veal to limit entries for the rest of the year to 7,900 tons (product weight).

In the major exporting countries and areas--Australia, New Zealand, Central America, Argentina, and Uruguay--beef and veal production is expected to be up by about 10 percent--640,000 tons in 1976. The four key commercial markets are forecast to take about 150,000 tons of the increase--down 50,000 tons from the latest estimate made on July 1 because of increased beef production and stock levels in the EC. About 200,000 tons of the increase is expected to be consumed domestically or held as stocks, leaving about 300,000 tons for export to nontraditional markets. The most important of these is the USSR in 1976.

There was considerable speculation that the USSR might buy 400,000-600,000 tons of meat in 1976, most of which was expected to be beef. Through early November, known sales of meat (including poultry) to the USSR totaled only 159,500 tons (product weight). Additional sales of beef to the USSR before 1977 now appear to be unlikely because of shortages of foreign exchange and large outstanding debts. In both 1974 and 1975 the Soviets imported 515,000 tons of meat (product weight), most of which was supplied by East European countries.

Major Importers

United States

Total U.S. meat production for 1976 is forecast to reach 22.9 million tons, a 7.8 percent increase over the 1975 level. Of total meat production for 1976, beef and veal is expected to be 12.0 million tons, a 7.5 percent increase over last year's 11.1 million tons. Pork production is estimated to increase 5.4 percent to 5.4 million tons, and poultry output 12 percent, also to 5.4 million tons.

Cattle slaughter through September 1976 totaled 32 million head, an increase of 7.3 percent over the same period a year earlier. Slaughter of fed cattle was the largest contributor to this increase, running 15-20 percent above 1975's level. Though cow slaughter decreased sharply from last fall's record level, it was still slightly above the January-September 1975 period. Meanwhile, slaughter of nonfed steers and heifers was well below last year's level, offsetting part of the increases in the other areas.

Under pressure from record beef supplies resulting from increased cattle slaughtering, cattle prices generally declined from April through the first week in August. However, with reduced supplies of cattle in many parts of the country, fed cattle prices have since recovered somewhat. Although slaughter rates in the fourth quarter may be down from 1975's level, beef production this fall should be above last year's output. Fed cattle slaughter is expected to continue to be about 15 percent above 1975's level. Even though fed beef production in the fourth quarter may drop below this year's third quarter level, it should still be 15-20 percent above the fourth quarter of 1975. With the reduced inventory of cattle outside feedlots and the expected large feedgrain crop, nonfed slaughter in the fourth quarter should be substantially below last year's record level. However, the higher proportion of fed cattle versus nonfed cattle should provide an additional boost to beef tonnage. If beef output in the fourth quarter is not much larger than that of a year ago, choice steer prices could approach the $40 level at the end of the year.

The expected 8-10 percent rise in second-half pork output would raise production for the year about 5 percent over 1975's 10-year low to 5.41 million tons. For 1976, total U.S. poultry production is estimated to reach 5.4 million tons, a 12 percent increase over the year-earlier level of 4.8 million tons.

U.S. imports of red meats in the first 9 months of 1976 totaled 661,039 tons (product weight), an increase of 15 percent over imports in the same period of 1975. Of this total, imports of beef and veal were up 18 percent over 1975's level, while pork imports did not change. Imports of boneless fresh, chilled, or frozen beef contributed about half of the beef and veal increase, while imports of canned beef--largely from Argentina and Brazil--accounted for most of the other half. Imports of beef and veal from Canada and various Central and South American countries were up significantly over those of the comparable 1975 period, while those from Australia and New Zealand fell below 1975's level.

To aid in the economic recovery of U.S. cattlemen, President Ford on October 9 imposed quotas on imports of fresh, chilled, or frozen beef, veal, mutton, and goat meat. The quota limits imports to about 560,000 tons, about 7 percent of estimated U.S. beef and veal production during 1976. As of November 3, approximately 91 percent of the quota had been filled.

The U.S. Department of Agriculture has issued a regulation under Section 2(e) of the Meat Import Law that denies entry of meat into the customs territory of the United States from U.S. Foreign-Trade Zones and trust territories or possessions, from October 28 to the end of the year. This action was taken to prevent circumvention of the quotas by processing fresh, chilled, or frozen beef and veal in U.S. Foreign-Trade Zones to change its tariff classification.

European Community

Because of the severe drought that plagued much of Western Europe in the spring and summer of 1976, EC beef and veal production will not fall as sharply as was forecast in July. Beef and veal production for 1976 is now estimated to be 6.4 million tons, a 1.5 percent decrease from that of 1975. Pork production is forecast to be up about 3 percent to 8.1 million tons and poultry output up 6 percent to 3.3 million tons. Mutton and lamb production estimates remain unchanged at 500,000 tons.

Because of lower cattle numbers at the beginning of 1976, beef and veal production during the year had been expected to drop about 5 percent. Through the first 5 months of 1976, cattle slaughter in the major producing countries of the EC ranged from 5 to 10 percent below the comparable period in 1975. However, the prolonged drought has decreased forage and feedgrain supplies and forced increased slaughtering in several areas. In June, controlled cattle slaughter was up to 29 percent in France and 14 percent in West Germany over 1975 levels. Indications are that these high slaughter rates continued through July and August. With this increased beef supply and a light summer consumer demand, EC cattle prices dropped sharply from mid-June to mid-July, with the reference price as low as 80 percent of the guide price. As a result, increasing quantities of beef were offered to intervention stocks, which rose from 220,000 tons in May to 257,000 tons in July.

In order to prevent a further decline in prices, the EC Commission in late June and early July reintroduced intervention buying of cow beef. These authorizations permitted several EC countries--mainly France and West Germany--to buy a combined total of 18,000 tons of cow beef through July 31. On July 23, the arrangements were extended for another 18,000 tons of cow beef to be purchased from August 1 to September 15. Furthermore, in late July the Commission increased the subsidized private storage of beef from 80,000 tons to 120,000 tons. Although the initial storage period was 4-6 months, since August 16 the EC has accepted only applications to store beef for periods of at least 6 months.

After these programs were implemented, cattle prices rose throughout most of August and September, and currently and well above their April-May record levels. Beef intervention stocks increased from 257,000 tons in July to 312,000 tons in September. Beef production during the remainder of 1976 will depend mainly on the winter forage and grain supplies available to EC farmers and the success of the policy measures that have been implemented to aid drought-stricken farmers. It should be noted that part of the increased slaughter of cattle thus far may be from an early culling of dairy and beef herds. If so, this could take some of the pressure off the normally high fall slaughter rates. In addition, cattle slaughter during January-August in the United Kingdom--the third largest producer of beef in the EC--and in Ireland was well below 1975 levels. These two factors, combined with a probable reduction in slaughter weights in the drought areas, should tend to dampen the effect of the increased slaughterings brought on by the excessively dry weather.

EC imports of beef and veal in 1976 are expected to remain at relatively low levels. The main importers of beef and veal in the EC are the United Kingdom and Italy. In the U.K., imports of beef and veal from all countries in the first 6 months of 1976 were 15 percent below 1975 levels. In Italy, the 50 percent import deposit requirement imposed in May to protect the lira probably has reduced imports from EC countries as well as third countries. With the increased cattle slaughter and high intervention stocks because of the drought, the EC will import minimal quantities of beef and veal from third countries in 1976.

There currently are only three programs that allow imports of beef and veal from countries outside the EC. The first is the GATT quota, which will allow up to 54,000 tons of frozen beef imports, carcass weight equivalent. The second involves import arrangements that permit various developing countries to export beef to the EC at reduced levies. In June, the July-December quota for these countries was increased by 1,500 tons, which should raise total imports under this program in 1976 to about 38,500 tons (carcass weight equivalent). The third program for imports is the jumelage-linked sales program introduced in January 1976. Under this program, an importer must purchase bone-in frozen beef from intervention stocks before being granted an import license for an equivalent amount of imported beef or live slaughter cattle over 660 pounds. From January to August, only about 59,000 tons (carcass weight equivalent) of beef were scheduled to be imported under this program, well below the quantity anticipated earlier.

Effective August 1, the EC increased the basic refunds on exports to most third countries of live cattle and fresh, chilled, and frozen beef and veal by 14-15 percent. Despite these increases, EC exports of beef and veal to third countries in 1976 are expected to drop below 1975's estimated level because of the surplus world beef situation. The current EC subsidy on frozen boneless beef exports to the United States by Ireland and the United Kingdom--the only EC suppliers of such meat to this country--is negligible. Because of this, there is a distinct advantage for Irish beef exporters to ship to other European countries instead of the United States. Irish exports of beef and veal to the United States in 1976 are expected to be 2.3 million pounds, compared with 8.8 million pounds in 1975 and 43.8 million pounds in 1974.

Canada

Beef and veal production in Canada is forecast at 1.09 million tons in 1976, up 4 percent from the 1975 level and 1 percent above the third quarterly estimate. This gain is attributed to increases in fed cattle marketings and slaughter of cows at a level higher than anticipated earlier. The increase in cow slaughter is partly a result of the mid-April change in dairy policy, which resulted in a negative return to milk producers for over-quota milk deliveries. Also, poor pasture conditions and hay harvests in western Canada resulted in higher slaughter in that region.

Canada's exports of beef and veal in 1976 are projected at about 50,000 tons (carcass weight equivalent) of which 36,000 tons of fresh, chilled

or frozen beef (product weight) will be exported to the United States--subject to the quotas under the U.S. Meat Import Law.

Early in 1976, Canadian officials reportedly informed Australian and New Zealand officials that if they would sell boneless beef to Canadian importers for no more than 6 cents per pound below the offer price of comparable beef to U.S. importers, the quantity of Oceania beef imported into Canada would take care of itself i.e., there would be no need for Canada to restrict imports from Oceania. However, competition between Australia and New Zealand resulted in relatively large sales of Oceania beef to Canada at as low as 25 cents per pound below offer prices for comparable beef to U.S. importers.

After prolonged discussions with Canadian officials, Australia in early July announced a minimum price arrangement for beef exported to Canada to avoid restrictive import action by the Canadian Government. For contracts concluded after June 11 and/or not loaded aboard ships by midnight July 16, the Australian Meat Board would approve exports of manufacturing beef destined for Canada only if the contract price was no more than 6 cents below comparable offer prices to U.S. importers. New Zealand shippers took similar action to amend their minimum export price arrangements for exports to Canada.

This apparent accord reached with Australia and New Zealand may have prevented price cutting, but beef shipped prior to July 11 had considerable effect on the Canadian domestic and export markets for boneless manufacturing beef. Surplus supplies of Oceania beef in Canada forced comparable beef to be exported to the United States. Oceania beef could not be transshipped through Canada to the United States because of action taken by the United States under Section 204 of the Agricultural Act of 1956, which permits imports of meats subject to the Meat Import Act only on direct, through bills of lading. In response to the quota action taken by the United States on October 9 and the influx of beef from Oceania, the Canadian Government imposed a global quota of 17.5 million pounds (about 8,000 tons) on imports of fresh, chilled, or frozen beef and veal for the last quarter of 1976.

Canada's 1976 imports of beef and veal currently are projected at about 110,000 tons (carcass weight), of which about 84,000 tons (product weight) will be from Oceania and 11,000 tons from the United States. As indicated above, Canada's exports are expected to total only 50,000 tons in 1976. Therefore, Canada will be a substantial net importer of beef primarily manufacturing type beef--in 1976.

In addition to the relatively large shipments of boneless manufacturing beef, Canada's exports of cattle and calves--primarily slaughter cows to the United States--are continuing at a high level, totaling 252,596 head during January October 23, 1976. In the absence of large Oceania beef imports, a large number of these cows would have been slaughtered in Canada--particularly in eastern Canada--and some of the beef from the cows that U.S. midwestern packers have imported from the Prairie Provinces would

have remained in Canada.

Canada's pork production is forecast at 0.475 million tons in 1976--the same as the July 1 estimate and down 6 percent from the 1975 level. Recovery in Canadian's pork production, following sharp declines in the past 2 years, continues to hinge largely on a return to hog raising in western Canada, where many grain-livestock farmers are reluctant to return to feeding hogs when they can instead sell grain at a profit. The recent change in the Canadian Wheat Board policy whereby the Board will sell feedgrain in the Prairie Provinces at Thunder Bay prices less freight, should encourage livestock feeding in western Canada. Canada's imports of pork are forecast at 65,000 tons in 1976, compared with 45,000 tons in 1975. Exports are continuing in spite of the apparent deficit in production because of export contracts with Japanese trading companies and exports of specialty products to the United States.

Poultry meat production is forecast to increase 10 percent to 445,000 tons in 1976. Production at this level is still 6 percent below the record production of 1973 and 1974. Imports, which comprise only a small proportion of total consumption, are forecast at almost double the 13,000 tons entered in 1975.

Japan

Total Japanese cattle numbers were up 2 percent from year-earlier levels in February to 3.7 million head--a record level. About 50 percent of the total were beef cattle and the remainder were dairy animals.

Cattle slaughter in 1976 is expected to be down 17 percent to 995,000 head and calf slaughter is projected to fall 70 percent to 40,000 head. Because of reduced slaughter, beef and veal production will be off 14 percent to 290,000 tons.

Carcass slaughter cattle prices in mid-October were above ceiling levels of 1,642 yen per kilogram for Wagu steers ($2.59 per lb) and 1,337 yen per kilogram for dairy steers ($2.11 per lb). These high prices have encouraged farmers to retain cattle and calves for feeding, which could result in increased beef production and reduced imports in 1977. Beef imports in 1976 are expected to reach 100,000 tons (product weight) up 54 percent from 1975 levels. The general beef import quota allocations for the first half (April-September) of Japan's fiscal year 1976 were 45,000 tons, up from 30,000 allocated in the first half of 1975. The second-half general quota has not yet been announced. U.S. beef exports to Japan in the first 9 months of 1976 were 11,026 tons, compared with 2,934 tons in 1975. If U.S. exports continue at this rate for the rest of the year, the U.S. share of the Japanese market could reach 13 percent, compared with 7 percent in 1975. However, in early November the Japanese Government asked importers to delay entries of beef for November and December delivery for 1 month because of low pork prices--a move that might have some effect on year-end U.S. sales.

Following a 5 percent decline in pork production in 1975 compared with 1974's output, a 2 percent recovery is forecast for 1976 as production will near 925,000 tons. This, plus strong demand for processed meats made from pork, is expected to result in pork imports approximating 165,000 tons (product weight).

Mutton imports are forecast to be slightly above the high 1975 level of 130,000 tons (product weight).

Broiler production is forecast to increase approximately 10 percent to 675,000 tons in 1976, but production of other poultry meats will remain stable. Thus, total poultry meat production should rise 8 percent. Imports of over 25,000 tons of poultry are expected, approximately 15 percent above 1975's imports.

USSR

Soviet livestock numbers for the remainder of 1976 probably will increase slightly over last year's levels. The October 1, 1976, inventory for all categories of livestock appears to be recovering from the distressed slaughter levels of 1975. Cattle inventories as of October 1, 1976, at 85.0 million head were up 1 percent over year-earlier levels. Swine numbers at 49.3 million head were down only 1 percent. Sheep and goat numbers at 122.7 million head showed a 4 percent decline from the levels attained on October 1, 1975. However, poultry numbers at 459.3 million head showed the greatest increase--approximately 10 percent.

Meat production is expected to continue to drop as pork and poultry inventories are rebuilt. For calendar 1976, total meat production is projected to be about 12.0 million tons, compared with the record 1975 level of 15.2 million tons. For the first 10 months of the current year, industrial output of meat--including offal and sausages--was 6.2 million tons, a 20 percent drop from the 1975 level of 7.8 million tons. For the remaining 2 months, industrial output--which accounts for over 65 percent of total output and is mainly from collective and State farms--is projected to reach 1.8 million tons. This would be a 38 percent increase above the 1975 level of 1.3 million tons.

Despite severe declines in the production of pork and poultry products, the Soviets through November purchased only 170,000 tons of red meat (product weight) on world markets. This relatively small amount of meat could be attributed to the USSR's hard-currency problems and the decline in the price of gold. In 1974 and 1975, Soviet imports of meat and meat products totaled 515,000 tons (product weight) in each year. Projected 1976 Soviet imports of meats and meat products will be around 300,000 tons (product weight).

Major Exporters
P.L. 88-482 Suppliers

Australia

Beef and veal production in Australia is forecast at 1.80 million tons in 1976, up about 8 percent from the 1975 level. Total slaughter of cattle and calves in 1976 is expected to be nearly 13 percent above 1975's but slaughter weights will average below 1975 levels.

The March 31, 1977, cattle and calf inventory number is now expected to be around 33 million, compared with 33.4 million as of March 31, 1976. Australian cattle and calf numbers are leveling off or possibly declining after several years of build up.

Australia is now moving into its third straight year of the beef recession and the severe winter (Southern Hemisphere) drought left much of the southern half of Australia parched over an extended period. A heavy oversupply of slaughter cattle, complicated until recent weeks by the drought, is expected to keep cattle prices depressed for some time. Sheep and dairy farmers were the hardest hit by the drought. Dairy cattle losses were heavy, but beef cattle losses undoubtedly occurred, as many sheep producers run sheep and cattle together.

Domestic consumption of beef and veal is now expected to increase to 950,000 tons, slightly over one-half of predicted production. Revised estimates indicate that 927,000 tons--55 percent of production--were consumed domestically in 1975.

Total exports of beef and veal are now estimated at 870,000 tons (carcas weight equivalent) or 580,000 tons (product weight), of which about 286,000 tons will be shipped to the United States. Carryover stocks are expected to increase to 100,000 tons, 30,000 tons above the 1975 carryover. However, in mid-August cold storage stocks reached a record level of some 126,000 tons. The August build up in stocks was attributed to the introduction of minimum export prices to Canada and Sweden, slowing of exports to the United States, and industrial disputes by waterfront unions.

The Australian diversification program under which exporters earn entitlements to ship 3 tons of beef to the U.S. for every 2 tons shipped to other markets, remains unchanged for 1976. However, this controversial program, which resulted in the paper value of unfrozen entitlements reaching as high as 20-25 Australian cents per pound this year, is to be phased out in 1977. The Australian Meat Board recently announced that a maximum of one-third of the unused entitlements would be counted as exporters' shares of any U.S. voluntary restraint level next year, and the balance of these entitlements would be cancelled. The remainder of Australia's voluntary restraint level (assuming that voluntary restraints are in effect) would be allotted to all exporters on the basis of their

exports to all markets during the December 1975-November 1976 shipping year. Other details of the program are not yet finalized, but the Australian Government is insisting on some type of incentives to encourage exports to minor and new markets.

Perhaps even more significant than the phasing out of the diversification scheme is the announcement by the Minister of Primary Industry that the Board is to be renamed (probably the Australian Livestock and Meat Corporation) and restructured to give the new organization more trading powers.

The Japanese market for Australian beef continues to appear favorable, compared with this market in 1975, but projected exports of 70,000 tons represent a slight lowering of shipments to that market over the past several months. Exports to Japan totaled 32,243 tons during the first half of 1976. The Meat Board was forced to abandon its proposal (announced in June) to put minimum export prices on meat shipped to Japan after the Japanese Government threatened to counter by imposing maximum prices on imports.

Exports of beef to other destinations--except the European Community and the USSR--are expected to be larger in 1976 than in 1975. "Other" minor, and new markets show the largest percentage increase, but this market group includes estimated quantities shipped to the United States through Puerto Rico.

New Zealand

Beef and veal production in New Zealand during 1976 is forecast at 590,000 tons, 84,000 tons above the 1975 level and 60,000 tons above the third quarterly estimate. This increase in the production estimate is attributed to an unexpected continuation of slaughter at a very high level. Export slaughter during October 1, 1975-August 7, 1976, was up 27 percent over the comparable year-earlier period.

In past months, New Zealand Government officials have voiced concern that producers were liquidating their herds to the extent that they were jeopardizing future supplies of beef when export prices would be higher. In late August the New Zealand Meat Prices Authority announced minimum and trigger prices for livestock marketed under the stabilization scheme from October 1, 1976, through September 30, 1977. The minimum prices established for beef for the next season are the same as those received during the current season.

The mininum (support) price for medium grade cow (manufacturing) beef is 40 New Zealand cents per kilo (dressed weight). This works back to about US$9.00 per 100 pounds (live weight). The trigger price (at which the levy for the stabilization fund is activated for this grade) is 60 New Zealand cents per kilo, about US$13.50 per 100 pounds (live weight).

For top grade steers weighing 220.5-270 kilos (dressed weight), the minimum live weight equivalent is about US$14 per 100 pounds and the trigger price is about US$20 per 100 pounds.

Domestic consumption of beef and veal is forecast at 185,000 tons, compared with 183,000 tons in 1975. Including 35,000 tons carry-in from 1975, this leaves 440,000 tons (carcass weight) available for export and carryover this year. Exports are projected at 355,000 tons (carcass weight equivalent) in 1976. This leaves a carryover of about 85,000 tons (carcass weight). In recent weeks, freezer stocks of beef and veal have been in excess of 100,000 tons (product weight).

Central America and the Caribbean

Cattle slaughter in the Central American and Caribbean area in 1976 is expected to reach 2.1 million head, up 9.7 percent from 1975's total. Production is expected to be up 8 percent to 370,000 tons, 10,000 tons above projections made on July 1.

It is expected that Central America will fill all of the 92,100-ton U.S. quota allocated to the area for 1976. In the first 10 months of 1976, the United States imported 85,000 tons of beef from Central America and the Caribbean, compared with 89,200 tons imported from the area in all of 1975. Some Central American countries can be expected to export processed beef for entry into the United States outside the quota limitations.

Pork and poultry production and consumption is low in the Central American countries--approximately 4 pounds of each per capita. In several of the countries, the poultry industry is expanding rapidly and consumption should show a parallel growth. A small quantity of pork, formerly exported as live pigs to Costa Rica, is being exported from Nicaragua to Japan.

Mexico

In the first 10 months of 1976, Mexico exported 35.8 million pounds of beef (product weight) subject to the Meat Import Law to the United States, up from 21.0 million pounds exported in the same period in 1975. Maquila beef shipments (U.S. cattle exported to Mexico, slaughtered, and the beef therefrom re-exported to the United States) accounted for about half of the total exports, compared with only 15 percent in the same period of 1975.

U.S. imports of Mexican feeder cattle in the first 9 months of 1976 totaled 230,150 head, compared with 95,310 head in the comparable period of 1975, while Mexican imports of U.S. slaughter cattle during January-September were down 4 percent to 53,986 head compared with 56,098 head shipped a year earlier. Higher prices for U.S. cull cows up about 25 percent from those of last year, and lower U.S. boneless beef prices have discouraged exports to Mexico, while higher feeder prices, up 28 percent, have encouraged increased Mexican exports of feeders to the United States.

The feeder cattle exported to the United States thus far in 1976 represent potential boneless beef production of over 50 million pounds.

Mexican pastures have remained in good condition and distress slaughter is not likely to develop this year. In September and October, the Mexican peso was devalued by a total of 50 percent. After the first devaluation, a 20 percent export tax was placed on domestic beef exports and an 18 percent export tax on live cattle. On October 25, the live cattle export tax was dropped to 9 percent and the beef export tax was reduced to 5 percent.

Since the end of October, Mexican beef exports to the United States have increased sharply but it is not clear if this is a result of increase Maquila sales or to greater domestic beef exports. If sales continue at this rate, exports to the United States could exceed 50 million pounds this year.

Argentina

Cattle numbers on June 30 at 60.0 million head were unchanged from year-earlier levels. Slaughter in 1976 is expected to reach 13.5 million head, up 13 percent from year-earlier levels. Beef and veal production is projected to reach 2.7 million tons, down from the 2.8 million ton forecast on July 1 because of lower carcass weights.

Female slaughter has been heavy in Argentina for nearly 2 years because of low world beef prices. In addition, the new Government has stated that one of its principal policies will be to set farm prices at world price levels and to reduce taxes and exchange rate surcharges on exports. Currently, world prices for grain and oilseeds are more favorable than for beef. It is expected that some pastures will be planted in grain and soybeans, and cattle herds will be either reduced or moved to areas not suited for crop production.

Argentine beef exports in the first 9 months of 1976 were 387,000 tons (carcass weight equivalent) compared with 182,000 tons in the year-earlier period. Total exports for the year are projected by the Meat Board at 510,000 tons (carcass weight equivalent).

Uruguay

Cattle herd fell 7 percent to 10.7 million head on July 1, compared with the total on the same date a year earlier. Cattle slaughter in 1976 is expected to reach 2.1 million head, up 12 percent from last year's level. January-September slaughter was up 29 percent, compared with year-earlier levels. Total beef production is expected to reach 400,000 tons, up 16 percent from the 345,000 tons produced last year. Cattle slaughter has declined sharply since July. Slaughter was up 54 percent to 996,000 head in the first half of the year, but third-quarter slaughter declined

30 percent from the year-earlier total to 192,000 head. In order to maintain export levels, the Government increased retail prices 35-40 percent depending upon the cut of meat, and limited urban beef consumption to cow beef. These controls are expected to reduce per capita consumption 10 percent to 76 kilograms this year.

Beef exports in the first 9 months of 1976 were reported at 164,981 tons (carcass weight equivalent), compared with 75,200 tons a year earlier and just short of the 1970 record. Of the total, the EC purchased nearly 30,000 tons on a product weight basis; Spain, 20,500 tons; Egypt, 24,500 tons; and Greece, 16,000 tons. Total exports are expected to reach 190,000 tons (carcass weight) in 1976, up 68 percent from the 113,000 tons exported in 1975. Exports in the last quarter are estimated at 23,000 tons, compared with 38,000 tons in the last quarter of 1975.

TABLE 1.--BEEF AND VEAL: WORLD IMPORTS BY SELECTED COUNTRIES AND TOTAL FOR ALL COUNTRIES, 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Country	1972	1973	1974	Estimate 1975	Forecast 1976 1/
United States	905	917	747	803	860
EC-9 2/	952	985	433	200	180
Canada	99	104	82	87	110
Japan	87	194	84	67	160
Spain	84	81	14	24	30
Greece	52	75	34	52	50
Switzerland	43	41	20	10	20
Germany, East	42	46	36	35	40
USSR	32	16	289	300	200
Chile	38	21	0	40	0
Portugal	32	20	35	45	60
Other countries	240	306	262	650	900
Total 1/	2,606	2,806	2,036	2,273	2,610

1/ FAS estimates. 2/ Excludes intratrade.

TABLE 2.--BEEF AND VEAL: WORLD EXPORTS BY SELECTED COUNTRIES AND TOTAL FOR ALL COUNTRIES, 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Country	1972	1973	1974	Estimate 1975	Forecast 1976 1/
P.L. 88-482:2/					
Australia	746	920	505	746	870
New Zealand 3/	289	316	267	333	355
Canada	42	41	31	24	50
Mexico	58	39	19	18	35
Central America 4/	139	132	115	123	150
Subtotal	1,274	1,448	937	1,244	1,460
EC-9 5/	85	82	207	250	200
Argentina	674	500	289	265	500
Uruguay	146	109	120	112	170
Other countries	692	703	530	525	500
Subtotal	1,597	1,394	1,146	1,052	1,370
Grand total	2,871	2,842	2,083	2,296	2,830

1/ FAS forecast. 2/ Excludes Ireland. 3/ Year ending September. 4/ Includes Dominican Republic and Haiti. 5/ Excludes intra-trade.

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TABLE 3.--BEEF AND VEAL: CONSUMPTION, PRODUCTION, AND IMPORTS FOR UNITED STATES, EC-9, AND JAPAN, 1972 TO DATE--CARCASS WEIGHT EQUIVALENT

Country and year	Per capita consumption		Domestic production		Imports 1/				Wholesale prices 2/	
	Quantity	Index 1971 - 100	Quantity	Index 1971 - 100	Quantity	Index 1971 - 100	As percent of production	Share of world imports	Cents per kilo	Index 1971 - 100
	Kilos		1,000 M.T.		1,000 M.T.					
United States:										
1971	52	100	10,182	100	797	100	8	39	107.14	100
1972	54	104	10,377	102	905	114	9	35	116.62	109
1973	51	98	9,813	96	917	115	9	33	142.37	133
1974	54	104	10,716	105	747	94	7	37	144.14	135
1975 3/	56	108	11,275	111	803	101	7	35	149.36	139
1976 4/	58	110	11,950	117	860	108	7	30	155.00	145
EC-9:										
1971	25	100	6,058	100	560	100	9	28	143.03	100
1972	25	100	5,506	91	952	170	17	37	186.62	130
1973	25	100	5,575	92	985	176	18	35	237.94	166
1974	26	104	6,585	109	433	77	7	21	229.98	161
1975 3/	25	100	6,500	107	200	36	3	9	276.81	194
1976 4/	25	100	6,400	106	180	32	3	6	300.00	210
Japan:										
1971	3	100	275	100	63	100	23	3	238.89	100
1972	4	133	295	107	87	138	29	3	280.34	117
1973	4	133	227	83	194	308	85	7	478.31	200
1974	3	100	293	107	84	133	29	4	396.39	166
1975 3/	4	133	339	123	67	106	20	3	487.37	204
1976 4/	4	133	290	105	160	254	55	6	500.00	209

1/ Intra-trade excluded for EC-9 and world total. 2/ U.S., Dressed fresh beef, Good--600-700 pounds; Chicago, EC-9, Hamburg--wholesale price of bullock and heifers. Japan, fattened Wagyu cattle. 3/ Preliminary. 4/ Estimate.

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TABLE 4.--PRODUCTION AND EXPORTS OF BEEF AND VEAL BY MAJOR EXPORTING COUNTRIES, 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Country	1972	1973	1974	Estimate 1975	Forecast 1976
Production:					
P.L. 88-482 countries:1/					
Australia	1,321	1,497	1,258	1,670	1,800
New Zealand 2/	411	449	405	507	590
Central America 3/	334	333	318	337	370
Mexico	593	745	844	889	955
Subtotal	2,659	3,024	2,825	3,403	3,715
Other:					
Argentina	2,191	2,152	2,145	2,424	2,700
Uruguay	290	256	330	345	400
Subtotal	2,481	2,408	2,475	2,769	3,100
Total	5,140	5,432	5,300	6,172	6,815
Exports:					
P.L. 88-482 countries:1/					
Australia	746	920	505	746	870
New Zealand 2/	289	316	267	333	355
Central America 3/	139	132	115	123	150
Mexico	58	39	19	18	35
Subtotal	1,232	1,407	906	1,220	1,410
Other:					
Argentina	674	500	289	265	510
Uruguay	146	109	120	113	190
Subtotal	820	609	409	378	700
Total	2,052	2,016	1,315	1,598	2,110

1/ Excludes Canada and Ireland. 2/ Year ending September. 3/ Includes Haiti and Dominican Republic.

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TABLE 5.--NET MEAT IMPORTS IN MAJOR IMPORTING AREAS, 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Commodity and country	1972	1973	1974	Estimate 1975	Forecast 1976
Beef and veal:					
United States	877	876	718	784	815
Canada	57	63	51	63	60
EC-9 1/	867	903	226	-50	-20
Japan	87	194	84	67	160
Total	1,888	2,036	1,079	864	1,015
Pork:					
United States	182	156	166	99	40
Canada	-31	-32	-5	4	25
EC-9 1/	-33	-61	-69	-50	-50
Japan	76	153	60	137	175
Total	194	216	152	190	190
Mutton and lamb:					
United States	66	23	10	10	25
Canada	48	35	22	20	20
EC-9 1/	373	310	235	200	200
Japan	212	187	126	180	185
Total	699	555	393	410	430
Poultry:					
United States	-67	-74	-80	-91	-150
Canada	5	6	1	9	20
EC-9 2/	-51	-74	-87	-66	-65
Japan	29	25	25	22	25
Total	-84	-117	-141	-126	-170
Total meat:					
United States	1,058	981	808	802	730
Canada	79	72	75	96	125
EC-9 1/	1,156	1,078	305	34	65
Japan	404	559	295	406	545
Total	2,697	2,690	1,483	1,338	1,465

1/ Excludes intra-trade. 2/ Includes intra-trade, product weight basis.

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TABLE 6.--MEAT PRODUCTION IN MAJOR IMPORTING AREAS, 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Commodity and country	1972	1973	1974	Estimate 1975	Forecast 1976
Beef and veal:					
United States	10,377	9,813	10,716	11,113	11,950
Canada	898	897	942	1,050	1,090
EC-9	5,506	5,575	6,585	6,500	6,400
Japan	295	227	293	340	290
Total	17,076	16,512	18,536	19,003	19,730
Pork:					
United States	6,187	5,784	6,262	5,131	5,410
Canada	632	617	611	495	475
EC-9	7,638	7,641	7,898	7,815	8,065
Japan	769	842	958	910	925
Total	15,226	14,884	15,792	14,351	14,850
Mutton and lamb:					
United States	246	233	211	181	165
Canada	9	10	8	8	10
EC-9	476	483	508	522	500
Japan	1	1	1/	1/	1/
Total	732	727	727	711	675
Poultry: 2/					
United States	4,927	4,871	4,938	4,820	5,390
Canada	445	473	469	405	445
EC-9	3,013	3,188	3,126	3,108	3,300
Japan	635	698	740	750	810
Total	9,020	9,230	9,273	9,083	9,945
Total meat:					
United States	21,737	20,701	22,127	21,245	22,915
Canada	1,984	1,997	2,030	1,958	2,020
EC-9	16,633	16,887	18,117	17,945	18,265
Japan	1,700	1,768	1,991	2,000	2,025
Total	42,054	41,353	44,265	43,148	45,225

1/ Less than 500 metric tons. 2/ Product weight basis.

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TABLE 7.--PRODUCTION AND EXPORTS OF MUTTON AND LAMB BY MAJOR EXPORTING COUNTRIES, 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Country	1972	1973	1974	Estimated 1975	Forecast 1976
Production:					
Australia	866	572	471	547	565
New Zealand 1/	569	554	498	490	515
Argentina	133	128	109	115	115
Total	1,568	1,254	1,078	1,152	1,195
Exports:					
Australia	373	230	140	242	270
New Zealand 1/	460	435	394	387	410
Argentina	17	28	20	22	20
Total	850	693	554	651	700

1/ Year ending September.

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